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NFAC 3028-79

7 June 1979

Memorandum for Dr. Bowie

Subject: Essays on the Estimative Problem by [redacted] 25X1

1. As we have previously discussed with you and stated in our memorandum to you of 26 March 1979, Review Panel Suggestions for new NIEs and IIMs (NFAC 1538-79), the Panel is in agreement that nonmilitary National Intelligence Estimates, despite some recent signs of recovery, seem to have reached a low point in terms of stature, numbers, acceptability and utility to policymakers and their staff alike. Moreover, there appears to be a wide range of views within NFAC and the Agency, as well as outside the Agency, as to the value and need for National Estimates.

2. The Panel firmly believes that there is a fundamental need and place for broad, projective National Estimates, and that the Agency must come to grips with the problem.

3. The Panel is now engaged in a systematic effort through informal discussion both internally and outside the Agency to improve its knowledge and insights on the many complex elements in the problem that should be taken into account. In the interim, Klaus Knorr has written an essay concerning the estimative problem which may be of interest to you. A copy is attached.

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William L. Leonhart

Attachment:
As stated

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5 JUN 1979

Broadly Ranging Intelligence Estimates:
Analysis of Present Objections and Misgivings

NFAC's intelligence work is largely devoted to current reporting, background studies, incident-oriented estimates and research on special problems. Representing a much smaller volume, there are also NIEs and IIMs focusing mostly on a particular country or relatively narrow problems.

All these products are unquestionably useful. However, this composition of output de-emphasizes estimates that are not touched off by recent incidents, cut across narrow boundaries by addressing themselves to more comprehensive realities and issues, and do so in a speculative, forward-looking manner. The focus would be on a complex of interdependent political, military and economic developments and prospects that are bound, through their interrelationships, to affect US interests. The focus would not be restricted to a single country. Obviously, two fine estimates on, say,

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Iraq and Jordan do not add up to an estimate of Middle Eastern developments and prospects. (For brief reference, I will call the estimates in question XEs.)[1]

Extimates of this kind should acquire an additional property. Lest they yield to the temptation of becoming academic--here understood to mean analytically rich but of no interest to busy policymakers--they should be clearly pointed to developments demonstrably likely to impinge on important US interests. And they should not ignore the impact of US policies on these developments. To take these into account is not to meddle in policy-making but to serve it.

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1 Example: The Prospects for Stability and Change in the Persian Gulf Area; Recent Trends in the Relationships Between Western Europe and the US; Recent Changes in the Perceptions of Soviet and US Power and Influence in Sub-Saharan Africa; Soviet Intervention in the Third World: Opportunities, Capabilities and Prospects.

The de-emphasis on XEs in the present output of NFAC seems to reflect first, uncertainty or doubt about their interest and usefulness to the policy-making community and, second, various restraints that are said to limit their feasibility. Both objections need careful examination.

The Question of Demand and Utility

Degree of utility of intelligence work is commonly measured by the actual or imported interest of policy-making consumers (although utility could also accrue to the producing agency in terms of self-education and preparation for more specific estimates). It is often alleged that there is little or no consumer interest in XEs. In this respect, one may distinguish between consumer need and consumer demand, and between actual and potential demand.

Need may be defined as an objectively useful input in the policymaking process whether it is subjectively recognized or not. Surely, a policy official dealing

with worldwide or regional problems, or even with particular country problems which have important regional or global conditions and repercussions requires an integrated estimate of interrelated foreign intentions and capabilities. He may prefer to supply this input entirely himself either because he thinks he can do as well or better than anyone else or because he does not expect worthwhile contributions from intelligence bodies. The dangers of such self-reliance are well-known. The policymaker may be without training in estimative intelligence work, lack time and energy to use his estimative resources (other than cables) properly, and he may operate on the basis of assumptions about the outside world that fit his policy preferences. The very recognition of these dangers led to the establishment of a central intelligence agency that is professionally trained and equipped, and is divorced from choosing and designing policy.

The policymaker also may not recognize his need for XEs because he is generally preoccupied with the solution of immediate problems created by various

incidents (e.g., the outbreak of revolution in country X, the outbreak of war between Y and Z). Once such incidents force themselves on his agenda, he readily recognizes the need for intelligence inputs (and this need will be satisfied by responsive intelligence agencies). Yet to let policy formulation and intelligence be driven exclusively or excessively by important incidents in the outside world, amounts to a posture which invites frequent surprise and restricts the US to hasty and predominantly reactive adaptation. This posture denies opportunity for anticipating developments that may produce incidents in the future and thereby puts the US into a position to affect their occurrence, to prepare carefully for responses, in short, to provide more room for US initiative.

If the policymaker recognizes his need for XEs but does not turn to the intelligence community for inputs because his expectations of worthwhile contributions are low or nil, then there is a potential demand which would become effective provided a supply of appreciated contributions came into being.

Regarding utility, then, there is some chance (though hard to measure in advance) that broad-ranging intelligence estimates of quality will mobilize a potential demand and/or stimulate a recognition of need.

The Question of Feasibility

Objections to the production of XE[2] seems to be chiefly four: (1) The work in question is regarded as basically speculative and unprofessional; (2) Estimative resources are fully claimed by other types of output clearly and often urgently in demand by policymaking agencies; (3) Requisite analytical and compositional capabilities are asserted to be in insufficient supply; and (4) Lack of incentive is said to discourage this kind of work.

The first objection, perhaps the most serious, is sometimes expressed by alleging that the estimative enterprise under discussion can be done only by geniuses. The apparent implication is that genius

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2 Most of the following discussion also applies to single-country estimates.

engages in idiosyncratic flights of fancy which are incapable of commanding collective professional agreement or respect. The professional, it is further claimed, does and should take extreme care in not transgressing the boundary between his empirical knowledge and speculation, or in making only reluctant and very limited advances across this boundary. In fact, however, all intelligence work going beyond pure reporting is variously and inescapably speculative because information is largely fragmentary, obsolete and ambiguous. (The aforementioned boundary is essentially a myth.) Inference from such information is a form of speculation, usually based on assumptions about the nature of the outside world that are themselves speculative hypotheses. One estimates when one does not know. Even our "knowledge" of present and past events is limited and in many ways uncertain, and there can be no such thing as knowledge about the future. Yet it is clear that we are unable to plan policy intelligently without estimating the future even though there can be no certainty about estimating it correctly. We either plan blindly or someone has to provide the requisite estimative inputs.

Since all intelligence work is necessarily more or less speculative, it may be held that broadly ranging estimates are more so, indeed demeaningly more so, than are estimates of a modest scope and purpose. However, the conclusion that work on XEs should be shunned does not follow even if this objection were valid. It should then inspire less confidence and invite less reliance. It could still have utility as an "essay" that provokes qualifying or critical thought. It could still be educational. But that such an essay, if properly done, is permeated by a higher degree of speculation than estimative work of a narrower focus is far from clear. If properly done, the XE will be as much grounded in available "knowledge" of particulars as is or ought to be more specialized work. The peculiar difficulty of the former resides rather in the need to assemble and relate the bits of knowledge the specialist possesses. This makes for more analytical complexity and spreads the customary degree of speculation more broadly. The degree of speculation would be heightened only if the XE engaged in specific prediction. In that case, the larger number of interacting variables would increase the number of possible outcomes. Yet the broadly

ranging estimate need not make specific predictions to be useful or, if predictively inclined, would adjust to the enlarged burden of speculation by offering a set of alternative futures.

Unquestionably, however, the broader ranging estimate of quality requires talent and training of a kind which differs from that demanded by more specialized intelligence work. It calls for the same level of rigorosity. But, in addition, it needs an integrative imagination and intelligence trained in perceiving the interconnectedness of things in the real world. Included in this need is proper integration of political, military, and economic analysis.

The requisite ability is by no means as rare as is often assumed, and if more people were trained to acquire it, would be no more rare than narrower types of competence. The simple fact is that such estimating is being done outside the intelligence community and that much of it is of interesting quality. Some of it is done in the press, some by experts in various

journals.[3] We need not agree with all or most of what the authors say, but they do stimulate and enrich our conceptions about what is going on in the relevant world. Finally, we know that comprehensive estimates were often written in the previous ONE and that many of them were highly regarded. In conclusion, the broad ranging estimate can be done by people who have been properly selected and trained.

The other three objections can be dealt with more quickly (although they may raise formidable bureaucratic problems). The assertion that actually or potentially suitable personnel is fully claimed by other tasks simply surfaces the question of allocative priorities.

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[3] Have not many of us learned to appreciate the very brief but broadly estimative pieces in the London Economist or the lengthier ones in some of the publications of the International Institute for Strategic Studies? Are there not frequently articles in Foreign Affairs which, even if addressed to issues of policy, base their policy analysis on broadly estimative work? And do not papers in scholarly journals, such as World Politics, quite often engage in deeply estimative enterprise?

Granting the importance of competing work, it is hardly probable, in view of NFAC's large number of analysts, that the marginal utility of the competing tasks forecloses a small allocation of resources to the job of writing XEs. (We are talking of scarcely more than a few people at any one time.)

The objection that NFAC does not now possess people of suitable talent and training, if true at all, can hardly have much weight, for it should not be difficult to recruit and/or train a small pool of suitable personnel. Indeed, I guess that the talent is already on board, and that one of the two critical factors is that of training and allocation. (However, to supply analysts of requisite competence is not only a matter of individuals. It is also a matter of organization. Such individuals must, first, be members of an interacting group able to provide constructive criticism and stimulative support and, second, must have ready access to criticism and support from the specialists.)

The final objection--which refers to the second critical factor--expresses the lack of personnel incentive. At present, this seems to be a serious problem extending even to the writing of estimates of narrow focus. The problem is two-fold. Most analysts who have been trained exclusively for doing narrower kinds of intelligence work will naturally prefer to do what they believe they can do best and easily. (The problems of ability and incentive are to that extent reciprocally related.) The other part of the problem is evidently one of providing adequate personal rewards for doing broadly estimative work of fine quality, and thus of offering incentives equal to those motivating other types of work.

Initiating Broadly Ranging Estimates

For reasons indicated above, XEs are not likely to be requested by policymaking agencies because the need for them is not recognized, or because expectations of an insufficiently interesting product prevents a potential demand from surfacing or, above all, because

policymaking and demands for estimates are primarily stimulated by incidents that require immediate policy attention. Assuming for the moment that obstacles on the production side have been alleviated, this state of affairs points to the intelligence community and especially NFAC as the source of initiative. In recent years, however, few if any such projects have been proposed by NIOs, Office Directors, or analysts in the Offices, especially OPA.

It is of course possible that suitable proposals would be generated at various levels of NFAC once adequate estimative resources and incentives were provided. But until this happens, and perhaps even after that, should not the DD/NFA perform the initiating role? And, as his advisors, should not SRP from time to time make relevant proposals to him?

The primary rationale for doing so, and for publishing XEs is, of course, to serve policymakers by closing the gap between potential and actual demand. Their need for estimative inputs should be satisfied as much as actual demand can be stretched. Only experience can tell how much this amounts to.

There are two further ways in which broadly estimative work may be made useful. One is to broaden estimates of a narrow focus requested by the policymaker. An estimate requested on, for example, Egypt could be structured so as to include a broader estimate of Middle Eastern problems. This is not really to suggest resort to subterfuge. The fact is that an estimate on Egypt, and most other single countries, cannot possibly be complete without proper consideration of a broader framework. (It might be objected that this proposal would lead to longer papers less likely to be read. There is a question of trade-offs. But if the estimative job is properly conceptualized, it is far from clear that length must be minimized by narrowness of focus. A superior solution might be to expand only the Key Points and the Annexes.)

A second way is to attempt to anticipate future requests from the policymaker, that is, to identify geographic or functional areas in which serious incidents are likely to occur, to prepare a suitable broadly based estimate about trends and prospects, and

either to publish it, or to put it on the shelf so that when salient incidents do take place and provoke a demand for relevant estimates, that job can be done more adequately at short notice. This practice would naturally carry the unavoidable risk that conjectures about the location of future incidents prove wrong. But risk-taking should hardly be shunned by an intelligence agency that is willing to embrace estimative work. Moreover, there would be ancillary benefits of self-education and training that should reduce the cost of risk-taking.

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P.S. I expect to submit shortly a memorandum on problems of the organization of estimative resources.